

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City



IN THE MATTER OF THE APPLICATION FOR CONFIRMATION AND APPROVAL OF OVER OR UNDER RECOVERIES IN THE IMPLEMENTATION OF AUTOMATIC COST ADJUSTMENTS AND TRUE-UP MECHANISMS FOR THE PERIOD 2018 TO 2020, PURSUANT TO ERC RESOLUTION NO. 16, SERIES OF 2009 AS AMENDED BY RESOLUTION NO. 21, SERIES OF 2010, AND ERC RESOLUTION 23, SERIES OF 2010

ERC CASE NO. 2021-007 CF

**NORTHERN SAMAR ELECTRIC COOPERATIVE, INC. (NORSAMELCO),
Applicant.**

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Promulgated:
June 29, 2021

NOTICE OF VIRTUAL HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 7 April 2021, Northern Samar Electric Cooperative, Inc. (NORSAMELCO) filed an *Application* dated 19 March 2021 seeking the Commission's approval of its calculations of over or under recoveries in the implementation of automatic cost adjustments and true-up mechanisms covering the period of January 2018 to December 2020 and to allow the cooperative to refund the over recoveries or collect the under recoveries, as the case maybe, to or from the customers.

The pertinent allegations of the *Application* are hereunder quoted as follows:

1. Applicant NORSAMELCO is a non-stock, non-profit electric cooperative, duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at Brgy. Magsaysay, Bobon, Northern Samar;
2. NORSAMELCO holds an exclusive franchise from the National Electrification Commission to operate an electric light and power distribution service in all the municipalities of the province of Northern Samar, namely: San Isidro, Victoria, Allen, Lavezares, Rosario, San Jose, Bobon, Lope de Vega, Mondragon, Catarman, San Vicente, Capul, San Antonio, Biri, San Roque, Pambujan, Silvino Lobos, Laoang, Catubig, Las Navas, Palapag, Mapanas, Gamay and Lapinig.

LEGAL BASES FOR THE APPLICATION

3. ERC Resolution No. 16, Series of 2009 as amended by Resolution No. 21, Series of 2010 establishes the procedure for the automatic recovery or refund of pass through costs and the confirmation process that would govern the automatic cost adjustment and true-up mechanisms approved by the Honorable Commission, with the objective of ensuring appropriate recovery of the pass through costs in an efficient manner and to put in place a fair and transparent process for the confirmation of the automatic cost adjustments implemented by Distribution Utilities and the true-up of other pass-through charges, involving Generation Rate, Transmission Rate, System Loss Rate and Lifeline Rate Recovery, as the case may be;
4. On the other hand, ERC Resolution 23, Series of 2010 adopts the rules implementing the discounts to qualified senior citizen end-users and subsidy from subsidizing end-users on electricity consumption;
5. Foregoing resolutions further require the distribution utilities to file their respective consolidated applications once every three (3) years.
6. Hence, the filing of the instant application, covering the period of January 2018 to December 2020.

OVER OR UNDER RECOVERIES OF ALLOWABLE COSTS

7. Applying the formulas provided under Resolution 16, Series of 2009 as amended by Resolution 21, Series of 2010 and Resolution 23, Series of 2010, NORSAMELCO made calculations of the over recoveries charged or under-recoveries incurred as against its customers, in the implementation of certain automatic cost adjustments and

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true-up mechanisms, covering the period January 2018 to December 2020;

8. The results of its calculations are presented hereunder, as follows:

MAINLAND

Particulars	Recoverable Cost (PhP)	Actual Revenue (PhP)	(Over)/Under Recovery (PhP)
Generation Charge	1,435,734,169.08	1,442,696,766.92	(6,962,597.85)
Transmission Charge	244,255,345.78	246,309,031.99	(2,053,686.21)
System Loss Charge	172,660,252.32	181,949,143.83	(9,288,891.50)
Lifeline Subsidy/ Discount Charge (Main & SPUG)	11,347,002.27	11,074,708.83	(272,293.44)
Senior Citizen Subsidy/ Discount Charge (Main & SPUG)	50,773.96	58,774.75	8,000.79
Total	1,864,047,543.42	1,859,821,459.16	(18,569,468.21)

SPUG 1- BIRI

Particulars	Recoverable Cost (PhP)	Actual Revenue (PhP)	(Over)/Under Recovery (PhP)
Generation Charge	22,999,328.89	22,999,328.88	0.01
System Loss Charge	1,403,355.72	1,965,507.39	(562,151.67)
Total	24,402,684.61	24,964,836.27	(562,151.66)

SPUG 2 - CAPUL

Particulars	Recoverable Cost (PhP)	Actual Revenue (PhP)	(Over)/Under Recovery (PhP)
Generation Charge	18,083,094.21	18,083,094.20	0.01
System Loss Charge	1,085,717.16	1,134,046.23	(48,329.07)
Total	19,168,811.37	19,217,140.42	(48,329.07)

SPUG 3 - SAN ANTONIO

Particulars	Recoverable Cost (PhP)	Actual Revenue (PhP)	(Over)/Under Recovery (PhP)
Generation Charge	22,745,685.75	22,745,685.73	0.02
System Loss Charge	1,126,679.21	1,069,826.32	56,852.89
Total	23,872,364.96	23,815,512.06	56,852.90

SPUG 4 - SAN VICENTE

Particulars	Recoverable Cost (PhP)	Actual Revenue (PhP)	(Over)/Under Recovery (PhP)
Generation Charge	5,183,353.71	5,183,352.75	0.97
System Loss Charge	485,091.41	563,523.28	(78,431.88)
Total	5,668,445.12	5,746,876.03	(78,430.91)

SPUG 5 - BATAG

Particulars	Recoverable Cost (PhP)	Actual Revenue (PhP)	(Over)/Under Recovery (PhP)
Generation Charge	2,591,008.27	2,591,007.99	0.28
System Loss Charge	97,128.26	142,787.52	(45,659.26)
Total	2,688,136.53	2,733,795.51	(45,658.98)

SUPPORTING DATA AND DOCUMENTS

9. In support of the foregoing calculations, NORSAMELCO is submitting the following data and documents covering the period of January 2018 to December 2020, attached hereto and made integral parts hereof, as follows:

FOLDER NO.	ANNEX MARKINGS	DESCRIPTION OF DOCUMENTS
Folder 1	Annex A	Fully accomplished Supplier and Transmission Data Sheet Per Year
	Annex B	Fully accomplished Statistical Data Sheet Per Year
	Annex C	URR Addendum/DSL Data Per Year
	Annex D	Actual Implemented Rates Sheet Per Year
	Annex E	Lifeline Discount Sheet Per Year
	Annex F	Senior Citizen Discount Sheet Per Year
	Annex G	Summary of O/U Recoveries Computation
	Annex H	Proposed Refund/Collect Scheme
Folder 2	SUPPLIER AND TRANSMISSION DATA	
	Annex I	Power Bills from Suppliers
Folder 3	STATISTICAL DATA	

	Annex J	Summary of Pilferage Cost Recoveries
	Annex K	Summary of Implemented Orders/Decisions
	Annex L	MFSR – Sections B and E
	Annex M	Demand (kW) Sales Summary Report
Folder 4	ACTUAL IMPLEMENTED RATES DATA	
	Annex N	Consumer Bills per Customer Class (Non-Lifeline)
	Annex O	Consumer Bills per Lifeline Bracket (Lifeline)
	Annex P	Senior Citizen Consumer Bills
Folder 5	OTHER DOCUMENTS	
	Annex Q	Submitted Monthly URR
	Annex R	Submitted Monthly URR Addendum
	Annex S	Single Line Diagram
	Annex T	Computation on how the pass-through charges were derived

10. With respect to the requirement to submit the Monthly Reports on Distribution System Loss (DSL) pursuant to ERC Resolution No. 10, Series of 2018, NORSAMELCO has not yet been able to gather the data required as it has not yet been to install the necessary equipment for system loss data gathering due to the successive typhoons that had hit its franchise area. Since 2013, the province of Northern Samar has suffered from seven (7) strong typhoons, as follows: Yolanda in 2013, Glenda and Ruby 2014, Nona in 2015, Usman in 2018, Tisoy in 2019 and Ambo in 2020, which constrained NORSALMELCO to keep on re-updating its distribution system based only on actual structures upon replacement, rehabilitation and upgrading of affected lines.
11. NORSAMELCO is likewise submitting herewith the required electronic files of the Application and supporting data and documents;
12. Further, in compliance with the pre-filing requirements under the ERC Rules of Practice and Procedure, the cooperative is submitting the following documents to form integral parts hereof, as follows:

ANNEX MARKINGS	NATURE OF DOCUMENT
Annex U and series	Proof of furnishing copies of the Application to the Offices of the Mayor and Sangguniang Bayan of Bobon and Offices of the Governor and Sangguniang Panlalawigan of Northern Samar
Annex V and series	Proof of publication of the Application in a newspaper of general in the Philippines

13. Considering foregoing, it is respectfully prayed that applicant's calculations of over or under recoveries in the implementation of subject automatic cost adjustments and true-up mechanisms be confirmed and approved, and the cooperative be allowed to refund the over recoveries or collect the under recoveries, as the case maybe, to or from its customers.

PRAYER

WHEREFORE, premises considered, applicant Northern Samar Electric Cooperative, Inc. (NORSAMELCO) respectfully prays of this Honorable Commission, after due notice and hearing, to confirm and approve its calculations of over or under recoveries in the implementation of automatic cost adjustments and true-up mechanisms covering the period of January 2018 to December 2020 made pursuant to ERC Resolution 16, Series of 2009 as amended by Resolution 21, Series of 2010 and ERC Resolution 23, Series of 2011, and allow the cooperative to refund the over recoveries or collect the under recoveries, as the case maybe, to or from its customers, as follows, to wit:

MAINLAND

Particular	(Over)/Under Recovery (PhP)	Proposed Term of Refund /Collect	Billing Determinant (MFSR 2020)	Rate per Month
Generation Charge	(6,962,597.85)	3 years		0.0019
Transmission Charge	(2,053,686.21)	3 years		0.0006
Systems Loss Charge	(9,288,891.50)	3 years		0.0026
Lifeline Subsidy/ Discount Charge	(272,293.44)	1 year		0.0002

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Senior Citizen Subsidy/ Discount Charge	8,000.79	1 year	99,639,195	0.0001
Total	(18,569,468.21)		298,917,585	

SPUG 1 - BIRI

Particular	(Over)/Under Recovery (PhP)	Proposed Term of Refund /Collect	Billing Determinant (MFSR 2020)	Rate per Month
Generation Charge	0		1,341,488	0
Systems Loss Charge	(562,151.67))	3 years		(0.0116)
Total	(562,151.67)		4,024,464	

SPUG 2 - CAPUL

Particular	(Over)/Under Recovery (PhP)	Proposed Term of Refund /Collect	Billing Determinant (MFSR 2020)	Rate per Month
Generation Charge	0.01		1,278,324	0
Systems Loss Charge	(48,329.07)	3 years		(0.0011)
Total	(48,329.07)		3,834,972	

SPUG 3 - SAN ANTONIO

Particular	(Over)/Under Recovery (PhP)	Proposed Term of Refund /Collect	Billing Determinant (MFSR 2020)	Rate per Month
Generation Charge	0.02		1,418,563	0
Systems Loss Charge	56,852.89	3 years		0.0011
Total	56,852.89		4,255,689	

SPUG 4 - SAN VICENTE

Particular	(Over)/Under Recovery (PhP)	Proposed Term of Refund /Collect	Billing Determinant (MFSR 2020)	Rate per Month
Generation Charge	0.97		347,774	
Systems Loss Charge	(78,431.88)	3 years		(0.0063)
Total	(78,430.91)		1,043,322	

SPUG 5 - BATAG

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Particular	(Over)/Under Recovery (PhP)	Proposed Term of Refund /Collect	Billing Determinant (MFSR 2020)	Rate per Month
Generation Charge	0.28		206,122	
Systems Loss Charge	(45,659.26)	3 years		(0.0062)
Total	(45,658.98)		618,366	

Other reliefs, just and equitable in the premises are likewise prayed for.

The Commission hereby sets the instant *Application* for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference and presentation of evidence on the following dates and online platform for the conduct thereof, pursuant to Resolution 09, Series of 2020¹, dated 24 September 2020 and Resolution No. 01, Series of 2021, dated 17 December 2020 (ERC Revised Rules of Practice and Procedure)²:

Date	Platform	Activity
4 August 2021 (Wednesday) at two o'clock in the afternoon (2:00 PM)	Microsoft Teams	Determination of compliance with the jurisdictional requirements and expository presentation
11 August 2021 (Wednesday) at two o'clock in the afternoon (2:00 PM)	Microsoft Teams	Pre-trial Conference and presentation of evidence

Any interested stakeholder may submit its comments and/or clarifications at least one (1) calendar day prior to the scheduled virtual hearing, via electronic mail (e-mail) at doCKET@erc.ph, copy furnish the Legal Service through legal@erc.ph. The Commission shall give priority to the stakeholders who have duly submitted their respective comments and/or clarifications, to discuss the same and propound questions during the course of the expository presentation.

¹ A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission;

² A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.

Moreover, any persons who have an interest in the subject matter of the instant case may become a party by filing with the Commission via e-mail at doCKET@erc.ph, copy furnish the Legal Service through legal@erc.ph, a verified Petition to Intervene at least five (5) calendar days prior to the date of the initial virtual hearing and subject to the requirements under Rule 9 of the ERC Revised Rules of Practice and Procedure, indicating therein the docket number and title of the case and stating the following:

- 1) The petitioner's name, mailing address, and e-mail address;
- 2) The nature of petitioner's interest in the subject matter of the proceeding and the way and manner in which such interest is affected by the issues involved in the proceeding; and
- 3) A statement of the relief desired.

Likewise, all other persons who may want their views known to the Commission with respect to the subject matter of the case may file through e-mail at doCKET@erc.ph, copy furnish the Legal Service through legal@erc.ph, their Opposition or Comment thereon at least five (5) calendar days prior to the initial virtual hearing and subject to the requirements under Rule 9 of the ERC Revised Rules of Practice and Procedure. No particular form of Opposition or Comment is required, but the document, letter, or writing should contain the following:

- 1) The name, mailing address, and e-mail address of such person;
- 2) A concise statement of the Opposition or Comment; and
- 3) The grounds relied upon.

Any of the persons mentioned in the preceding paragraphs may access the copy of the Application on the Commission's official website at www.erc.gov.ph.

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Finally, all interested persons may be allowed to join the scheduled initial virtual hearing by providing the Commission, thru legal.virtualhearings@erc.ph, with their respective e-mail addresses and indicating therein the case number of the instant *Application*. The Commission will send the access link/s to the aforementioned hearing platform within five (5) working days prior to the scheduled hearing.

WITNESS, the Honorable Commissioners **ALEXIS M. LUMBATAN, CATHERINE P. MACEDA, FLORESINDA G. BALDO-DIGAL** and **MARKO ROMEO L. FUENTES**, Energy Regulatory Commission, this 18th day of June 2021 in Pasig City.



AGNES VST DEVANADERA
Chairperson and CEO

ERC

Office of the Chairperson



AVSTD-2021-06-510-0097



LS: MBVM/CLB/MCCG